

**DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
ANNUAL REPORT ON GOALS, OBJECTIVES AND POLICIES**

January 2006

Program ID/Title: AGS 240/State Procurement

Contact Person/Phone: Aaron S. Fujioka/587-4700

I. Goals

To best serve the taxpayers of Hawaii and stakeholders in State and County agencies by providing effective and efficient procurement and inventory management practices, with quality, timeliness, maximizing competition, and maintaining integrity. To achieve the greatest value from procurement resources while creating a procurement environment and framework which nurtures a strong vendor community and peak vendor performance; to coalesce public-private partnerships enhancing the services and products provided to the citizens of the State of Hawaii.

II. Objectives and Policies

A. Procurement Training.

Develop and implement a training program for all purchasing entities to gain a comprehensive understanding of the procurement code, its rules and policies. Vendor training also provided to businesses on doing business with the State and counties.

B. Hawaii Electronic Procurement System (HePS).

Continue with the implementation of the Hawaii Electronic Procurement System (HePS) that will automate the existing procurement system, collect comprehensive data on expenditures, reduce the procurement cycle time, and reduce the cost of goods and services with increased competition.

C. Purchasing Card (pCard).

Continue to provide training and support for departments to maintain and increase levels of efficiency for small purchase procedures with the use of pCards. Establish annual meeting of fiscal officers to network, open discussion of issues or concerns, and provide management reports to assist in the analysis of purchasing activities. Integrate the pCard as the preferred method of payment into price list contracts and HePS purchases. Develop a program to conduct periodic audits of compliance with program procedures.

III. Action Plan with Timetable

A. Procurement Training.

Develop and implement a training program for all purchasing entities to gain a comprehensive understanding of the procurement code, its rules and policies.

1. Past Year Accomplishments

- a. Training provided as requested by agencies and vendors;
- b. Developed and maintained web pages on procurement information and training materials

2. One Year

- a. Develop training class descriptions/synopsis.
- b. Develop training materials and forms.
- c. Determine staff trainers

3. Two Years

- a. Conduct training for all purchasing agencies and jurisdictions.
- b. Conduct training for vendors/business.

4. Five Years

- a. Continue training program as an ongoing program for new employees, changes to processes or new policies.

B. Hawaii Electronic Procurement System (HePS).

Continue to integrate electronic purchasing to automate the procurement process, reduce procurement cycle times and increase the competition for goods and services.

1. Past Year Accomplishments

- a. HePS informational presentations made to pilot agencies.
- b. Implemented vendor registration.
- c. Trained the first group of employees for the implementation of the small purchase (eRFQ function of the HePS).

2. One Year

- a. Expand HePS to other departments and jurisdictions.
- b. Expand the promotion of the HePS to the vendor community.
- c. Continue with the implementation of the eRFQ function of the HePS.

- d. Implement the invitation for bids (IFB) and request for proposal (RFP) functions of the HePS.
- e. Select contracts for the electronic catalog/price list (eCatalog) function of the HePS.

3. Two Years

- a. Continue expanding the HePS to other departments and jurisdictions.
- b. Continue marketing the HePS to the vendor community.
- c. Continue with the implementation of the eRFQ, IFB, and RFP functions of the HePS.
- d. Implement the eCatalog function of the HePS.

4. Five Years

- a. Continue marketing the HePS to the vendor community.
- b. Implement the reverse auction function of the HePS.

C. Purchasing Card (pCard).

Continue to provide improved procurement processes to enable our customers to expeditiously secure the items they need to perform their duties and to service their customers. The purchasing card (pCard) program provides an alternative to purchase orders and facilitates the small purchase of goods and services.

1. Past Year Accomplishments

- a. Expanded the program to other State and county agencies as well as to travel services.

2. One Year

- a. Continue to expand the program to other State and county agencies.
- b. Encourage Executive Branch departments to increase use of the pCard rather than the antiquated process of issuing a purchase order, and thereafter processing invoices for payments. Promote the benefits of the pCard program to agencies and vendors.

3. Two Years

- a. Institutionalize the use of purchasing cards for all purchases under \$2,500.
- b. Provide management reports to assist departments in analyzing purchasing activities.

- c. Provide management reports to assist departments in the detection of unauthorized purchases, fraud and abuse.
- d. Create annual financial officers seminar to discuss pCard issues and problems.

4. Five Years

- a. Identify and begin implementation of at least one other significant process to improve the procurement of commodities and services.
- b. Establish the pCard as the primary form of payment for all small purchases under \$25,000.
- c. Devise an audit program to assist departments in verifying purchases and corroborate cash rebates.
- d. Encourage and promote enhanced online systems, which would enable managers to have more administrative controls.
- e. Integrate the pCard as the primary form of payment for purchases made on HePS.

IV. Performance Measures

A. Customer Satisfaction measures

- 1. Customer satisfaction surveys will be developed for and distributed to targeted groups. Areas exceeding customer expectations will be recognized and opportunities for change and improvement will be acted upon.

B. Program Standard measures

- 1. Annual reviews will be performed of the State Procurement Office's program activity metrics.
- 2. Conduct analysis of expenditure and pCard usage reports obtained from the pCard system, to review the number of purchasing cards being used by the agencies and the dollar value of pCard purchases annually.

C. Cost Effectiveness measures

- 1. Annual reviews will be done to measure monetary savings resulting from the completion of contracts for agencies for commodities and services; the awarding of price and vendor lists contracts and the transfer of equipment between agencies.
- 2. The number of purchase orders prepared for small purchases for the object codes authorized for pCard purchases will be reviewed annually.